

Credit repair: Self-help may be best

You see the advertisements in newspapers, on TV, and on the Internet. You hear them on the radio. You get fliers in the mail. You may even get calls from telemarketers offering credit repair services. They all make the same claims:

- “Credit problems? No problem!”
- “We can erase your bad credit—100% guaranteed.”
- “Create a new credit identity—legally.”
- “We can remove bankruptcies, judgments, liens, and bad loans from your credit file forever!”

Do yourself a favor and save some money, too. Don't believe these statements. Only time, a conscious effort, and a personal

debt repayment plan will improve your credit report.

This brochure explains how you can improve your credit worthiness and lists legitimate resources for low or no-cost help.

The Scam

Everyday, companies nationwide appeal to consumers with poor credit histories. They promise, for a fee, to clean up your credit report so you can get a car loan, a home mortgage, insurance, or even a job. The truth is, they can't deliver. After you pay them hundreds or thousands of dollars in upfront fees, these companies do nothing to improve your credit report; many simply vanish with your money.

The Warning Signs

If you decide to respond to a credit repair offer, beware of companies that:

- Want you to pay for credit repair services before any services are provided;
- Do not tell you your legal rights and what you can do yourself—for free;
- Recommend that you not contact a credit bureau directly; or
- Advise you to dispute all information in your credit report or take any action that seems illegal, such as creating a new credit identity. If you follow illegal advice and commit fraud you may be subject to prosecution.

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\$ Fast Facts \$

- **Accurate and timely information cannot be removed from your credit report.**
- **Credit repair clinics can't do anything to improve your credit report that you can't do for yourself, at little or no cost.**
- **Avoid companies that want you to pay for credit repair services before they provide any services.**
- **It's illegal for telemarketers who offer credit repair services to request payment until six months after they've delivered the services.**

You could be charged and prosecuted for mail or wire fraud if you use the mail or telephone to apply for credit and provide false information. It's a federal crime to make false statements on a loan or credit application, to misrepresent your Social Security Number, and to obtain an Employer Identification Number from the Internal Revenue Service under false pretenses.

Thanks to the new Telemarketing Sales Rule, it's also a crime for telemarketers who offer credit repair services to require you to pay until six months after they've delivered the services.

The Truth

No one can legally remove accurate and timely negative information from a credit report. But the law does allow you to request a reinvestigation of information in your file that you dispute as inaccurate or incomplete. There is no charge for this. Everything a credit repair clinic can do for you legally, you can do for yourself at little or no cost. According to the Fair Credit Reporting Act:

- You are entitled to a free copy of your credit report if you've been denied credit within the last 30 days. If your application for credit, insurance, or employment is denied because of information supplied by a credit bureau, the company you applied to must provide you with that credit bureau's name and address.
- You can dispute mistakes or outdated items for free. Ask

the credit reporting agency for a dispute form or submit your dispute in writing, along with any supporting documentation.

Clearly identify each item in your report that you dispute, explain why you dispute the information, and request a reinvestigation. If the new investigation reveals an error, you may ask that a corrected version of the report be sent to anyone who received your report within the past six months. Job applicants can have corrected reports sent to anyone who received a report for employment purposes during the past two years.

Need Help? Don't Despair

Just because you have a poor credit report doesn't mean you won't be able to get credit. Creditors set their own credit-granting standards and not all of them look at your credit history the same way. Some may look only at more recent years to evaluate you for credit, and they may grant credit if your bill-paying history has improved. It may be worthwhile to contact creditors informally to discuss their credit standards.

If you can't resolve your credit problems yourself or you need additional help, you may want to contact a credit counseling service. There are nonprofit organizations in every state that counsel consumers in debt. Counselors try to arrange repayment plans that are acceptable to you and creditors. They also can help you set up a realistic budget. These counseling services are offered at little or no

cost to consumers. You can find the office nearest you by checking the yellow pages of your telephone directory.

In addition, nonprofit counseling programs sometimes are operated by universities, military bases, credit unions, and housing authorities. They're also likely to charge little or nothing for their services. Or, you can check with your local bank to see if it has a list of reputable, low-cost financial counseling services.

Do-It-Yourself Check-Up For Free

Even if you don't have a poor credit history, it's a good idea to conduct your own credit check-up, especially if you're planning a major purchase, such as a home or car. Checking in advance on the accuracy of the information in your credit report could speed the credit-granting process.

Credit bureaus usually are listed in the yellow pages of your telephone book under "credit reporting agencies." You may want to contact each of them for a copy of your report.

For more information, or to file a complaint, contact the Bureau of Consumer Protection at:

(800) 422-7128

FAX: (608) 224-4939

TTY: (608) 224-5058

E-MAIL:

datcp hotline@datcp.state.wi.us

WEBSITE:

<http://datcp.state.wi.us/>

(Produced in cooperation with the Federal Trade Commission)

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